

## Message Text

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12

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EUR-08 NSC-05 NSCE-00 L-01 INR-05

CIAE-00 SP-02 RSC-01 /040 W  
----- 023497

R 181553Z NOV 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 4727

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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LIMDIS

E.O. 11652: N/A

TAGS: ENRG, NL

SUBJ: ESTABLISHMENT OF COAL MONITORING SYSTEM;  
TRADE COMPLAINT BY HOOGOVENS STEEL MILL

REF: STATE 248308, HAGUE 5465 OF 1973

SUMMARY: IN CONVERSATION NOVEMBER 13 WITH DIRECTOR  
AND MANAGERS OF NETHERLANDS' LARGEST STEEL-MAKER,  
HOOGOVENS, AMBASSADOR MENTIONED COAL-MONITORING SYSTEM  
NOTICE OF WHICH EMBASSY ALSO PASSED TO GON OFFICIALS  
ON PREVIOUS DAY. COMPANY LEADERSHIP, ALTHOUGH PLEASED  
BY ASSURANCE OF NO PRESENT CONTROLS ON COAL EXPORTS,  
EXPRESSED CONCERN FOR FUTURE, POINTED TO "UNETHICAL"  
PRACTICES BY ITS US SUPPLIERS WHO ARE PROVIDING  
LESS THAN AMOUNTS AGREED AND AT PRICES ABOVE  
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CONTRACT. THEY REVEALED THAT HOOGOVENS HAS ASKED GON

TO INTERCEDE WITH USG. ACTION REQUESTED. 1) PURSUE  
QUERIES OF US SUPPLIERS ASKED FOR IN DECEMBER 1973  
REFTEL. 2) SEEK CONSIDERATION BY ENERGY RESOURCES  
COUNCIL OF POLICY THAT LONG-TIME FOREIGN CONTRACT  
CUSTOMERS FOR US COAL BE GIVEN EQUAL FOOTING WITH  
DOMESTIC CONSUMERS IN ALLOCATION OF SUPPLIES. END SUMMARY.

1. AS REQUESTED IN REFTEL, EMBOFF ON NOVEMBER 12 INFORMED  
MOEA DIRECTOR GENERAL FOR ENRGY WANSINK AND MFA OFFICIAL  
KORTHALS-ALTES ABOUT COAL EXPORT MONITORING SYSTEM.

2. SUBJECT WAS ALSO MENTIONED DURING NOVEMBER 13 MEETING  
IN IJMUIDEN BETWEEN AMBASSADOR, DCM AND EMBOFFS WITH  
DIRECTOR AND VICE PRESIDENTS OF HOOGOVENS, NETHERLANDS  
LARGEST STEEL MANUFACTURER. ALTHOUGH PLEASED WITH  
ASSURANCE THAT MONITORING SYSTEM DOES NOT MEAN RESTRICTION  
ON COAL EXPORTS, THEY TOOK OPPORTUNITY TO PROVIDE US  
COPY OF MEMORANDUM OF COTOBER 23 IN WHICH HOOGOVENS  
SOUGHT GON INTERCESSION WITH USG TO OBTAIN EQUAL  
FOOTING FOR HOOGOVENS WITH DOMESTIC US CONSUMERS OF  
COAL.

3. EMBASSY HAD LEARNED OF HOOGOVENS PROBLEMS WITH  
AMERICAN COAL SUPPLIERS IN DECEMBER 1973 (HAGUE 5465).  
MATTER APPARENTLY PERSISTS. MEMO MENTIONS FIRST THE  
NEW HEALTH AND SAFETY REGULATIONS FOR US MINING  
INDUSTRY IN 1969 AND SECOND ENERGY SCARCITY BEGINNING  
IN LATE 1973 AS FACTORS AFFECTING PATTERN  
OF US SUPPLIES. HOOGOVENS NOW ESTIMATES US COAL  
PRODUCERS WILL NOT FULFILL 50 PERCENT OF THEIR CONTRACTUAL  
OBLIGATIONS WITH MILL IN 1974, FORCING COMPANY  
(WHICH DEPENDS ON US COKING COAL FOR APPROXIMATELY 80  
PERCENT OF ITS TOTAL NEEDS) TO REDUCE COKE PRODUCTION  
BY ABOUT 20 PERCENT IN AUGUST 1974 AND FURTHER FIVE  
PERCENT IN SEPTEMBER. IN ADDITION, HOOGOVENS ALLEGES  
THAT US SUPPLIERS HAVE VIOLATED THEIR CONTRACTS BY  
STEEPLY INCREASING PRICES. HOOGOVENS HAS ACCEPTED  
THESE STOICALLY BECAUSE IT FEARS THAT COURT ACTION  
TO ENFORCE CONTRACT, WHILE PROMISING EVENTUAL  
SUCCESS, WOULD BE MET IN INTERIM WITH SEVERE IF NOT  
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COMPLETE SHUTTING OFF OF SUPPLIES.

4. HOOGOVENS DIRECTOR VAN VEELEN AND HIS ASSOCIATES  
WERE THEREFORE GREATLY CONCERNED BY RISK OF PROLONGED  
COAL STRIKE IN US, BECAUSE COMBINED WITH PRESENT  
WORLD SCARCITY OF COKING COAL EFFECT OF STRIKE WOULD  
BE TO MAKE IMPOSSIBLE ANY PRECAUTIONARY BUILD-UP OF  
COMPANY'S NOW NEGLIGIBLE INVENTORIES. VAN VEELEN

AND COLLEAGUES WERE PLEASED TO HEAR THAT US PLANNED NO EXPORT RESTRICTIONS AT PRESENT. THEY MADE CLEAR, HOWEVER, THEIR WORRY ABOUT VOICES IN US WHO ARE HEARD TO FAVOR RESERVING ENERGY RESOURCES EXCLUSIVELY FOR DOMESTIC USE.

5. IN MEMO TO GON, HOOGOVENS POINTS OUT THAT IT HAS BEEN CONSUMER OF US COKING COAL OF LONG STANDING, DATING BACK TO IMMEDIATE POSTWAR PERIOD, THAT IT IS HIGHLY DEPENDENT ON US COAL, THAT US SUPPLIERS AT TIME OF SIGNING LONG-TERM CONTRACTS GAVE ASSURANCES AS TO STABILITY OF DELIVERIES. TO US, VAN VEELEN COMPLAINED PRIVATELY OF "UNETHICAL" BEHAVIOR BY US FIRMS IN RAISING PRICES AND IN PROVIDING LESS THAN CONTRACTED FOR, AND SAID THAT HIS COMPANY HAS LEARNED LESSON, WHICH IS TO LOOK FOR ALTERNATE SOURCES OF SUPPLY (SUCH AS POLAND). AMBASSADOR PROPOSED ANOTHER OPTION, ADDITIONAL INVESTMENT IN US MINES ( HOOGOVENS OWNS 25 PERCENT INTEREST IN BECKLEY COAL MINING COMPANY OF CLEVELAND).

6. HOOGOVENS IS SEEKING THROUGH GON PLEDGE BY USG THAT LONG-TERM CONTRACTS, INCLUDED WITH US COAL PRODUCERS BEFORE CHANGES (PREDUMABLY OF 1969 AND 1973) BE HONORED ON EQUAL FOOTING AS THOSE CONCLUDED BY DOMESTIC CONSUMERS.

7 ACTION REQUESTED: WE BELIEVE THAT DEPARTMENT SHOULD EXPLORE WHETHER HOOGOVENS COMPLAINT HAS VALIDITY BY FOLLOWING UP ON QUERIES REQUESTED IN HAGUE 5465.

8. WE ALSO RECOMMEND THAT PLEA FOR EQUAL TREATMENT OF LONG-TERM FOREIGN AND DOMESTIC CUSTOMERS BE GIVEN LIMITED OFFICIAL USE

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SERIOUS CONSIDERATION BY ENERGY RESOURCES COUNCIL. WHETHER USG IS IN POSITION TO MAKE PLEDGE REQUESTED BY HOOGOVENS IS DOUBTFUL, BUT STATEMENT OF USG CONCERN, COUPLED WITH APPEAL TO SUPPLIERS, WOULD NOT ONLY ASSIST HOOGOVENS. IT WOULD ALSO BE USEFUL IN SEEKING AVOIDANCE BY OTHER COUNTRIES OF RESTRICTIONIST POLICIES. ALTHOUGH WE RECOGNIZE DIFFICULTIES FACING US COAL SUPPLIERS, CURRENT SCARCITY OF SUPPLY MAY CHANGE. LONG-TERM CUSTOMERS SHOULD THEREFORE BE GIVEN SOME CONSIDERATION IN ALLOCATING SUPPLIES.  
GOULD

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COAL, MONITORING, COAL MINING, LABOR STRIKES, EXPORT DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 NOV 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740333-0908  
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**Handling Restrictions:** n/a  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** STATE 248308, HAGUE 5465 OF 1973  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
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**Review Content Flags:**  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ESTABLISHMENT OF COAL MONITORING SYSTEM; TRADE COMPLAINT BY HOOGOVENS STEEL MILL  
**TAGS:** ENRG, NL  
**To:** STATE  
**Type:** TE  
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